



New Jersey

Benefits From Exports

New Jersey's export sales of merchandise in 2000 totaled \$28.8 billion, up more than 38 percent from 1997 and nearly double the 1993 total of \$14.5 billion. The state's exports have recently grown much faster than overall U.S. exports of goods. In 2000, New Jersey posted the eighth largest export total of any state.

On a per capita basis, New Jersey's exports rose from \$1,850 for every state resident in 1993 to \$3,420 in 2000—an 85 percent increase that is well above the 57 percent increase recorded nationally over this period.

New Jersey exports goods globally to 204 foreign destinations. The state's leading market, by far, is Canada (15 percent of 2000 exports). Following Canada are Japan (9 percent), Mexico (7 percent), and the United Kingdom (7 percent). Other important markets include the Netherlands, South Korea, Italy, Germany, China, France, and Israel.

Buoyed by the North American Free Trade Agreement (NAFTA), New Jersey's fastest-growing market, in dollar terms, is Mexico. From 1997 to 2000, export sales to Mexico increased from \$884 million to \$2.1 billion—an increase of 143 percent. New Jersey also

posted big dollar gains in sales to the United Kingdom, Japan, Italy, Canada, China, and Singapore.

The state's two largest export categories in 2000 were computers and electronic products (28 percent of exports) and chemicals (25 percent). Other significant export categories were machinery, transportation equipment, primary metal manufactures, and processed foods.

Within New Jersey, Newark posted 1999 export sales of \$5.4 billion—the most of any New Jersey metropolitan area, more than one-fourth the state total, and the 24th largest total among the 253 U.S. metro areas for which statistics are available. Newark was followed by Middlesex-Somerset-Hunterdon, Bergen-Passaic, and Jersey City.

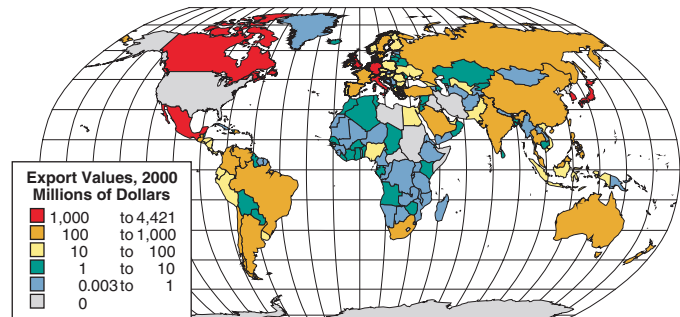
New Jersey metro areas that recorded the fastest export growth during 1993–99 were Middlesex-Somerset-Hunterdon, Trenton, Monmouth-Ocean, and Jersey City.

Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by goods exports range 13–18 percent higher than the national average.

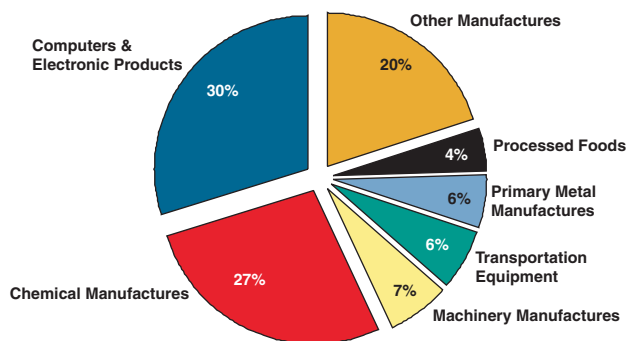
NEW JERSEY EXPORTED GOODS WORTH \$28.8 BILLION TO 204 FOREIGN MARKETS IN 2000

Dollar Value of New Jersey's Merchandise Exports to Foreign Markets, 2000



Source: U.S. Department of Commerce, Exporter Location Series.

NEW JERSEY EXPORTS A WIDE RANGE OF MANUFACTURES: \$26.6 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Export-related jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), New Jersey depended on manufactured exports for 152,700 jobs. Export-supported jobs accounted for an estimated 4.8 percent of New Jersey's total private sector employment.

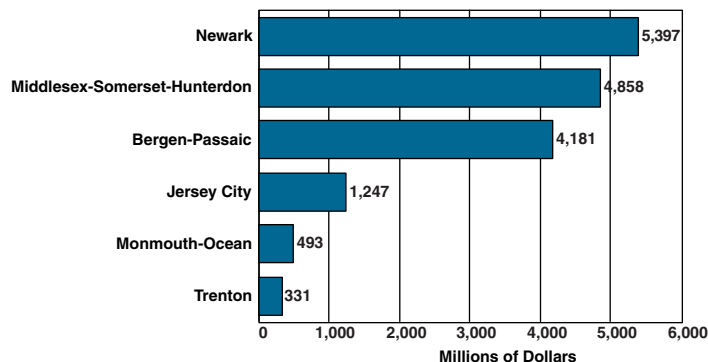
Manufactured exports supported 59,400 jobs—roughly one out of every seven workers—in New Jersey manufacturing industries. Manufacturing sectors with the most export-related jobs were chemicals, computers and electronic products, fabricated metal products, machinery, miscellaneous products, and plastics and rubber products.

Exports of manufactured goods also indirectly supported 93,300 jobs in the state's nonmanufacturing industries. These industries supply manufacturers with a wide range of inputs needed to produce goods for export.

Exports Help Small Business

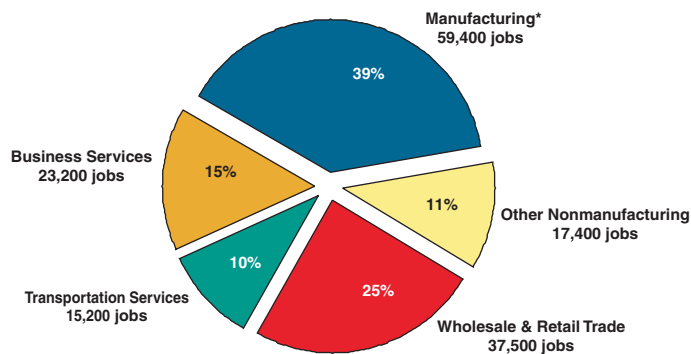
Exports have broadly benefited New Jersey businesses—both large and small. A total of 13,094 companies exported from New Jersey locations in 1998. Eighty-nine percent of these companies, accounting for 41 percent of the state's total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, 78 percent of

THREE NEW JERSEY METRO AREAS POSTED EXPORTS OF \$4 BILLION OR MORE IN 1999



Source: U.S. Department of Commerce, Exporter Location Series.

152,700 NEW JERSEY JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



*Includes 1,600 jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

all New Jersey exporters were small firms with fewer than 100 workers.

Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements.

The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

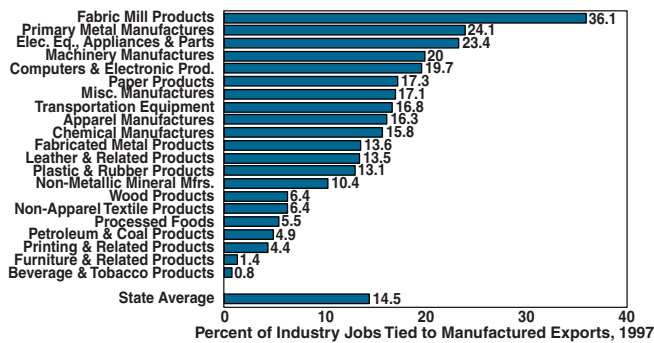
TRADE PROMOTION AUTHORITY—KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

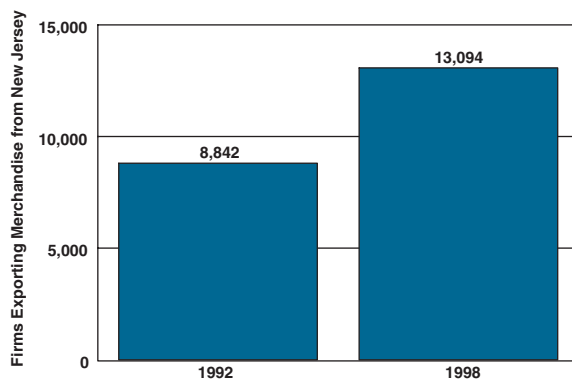
TPA preserves the ability of the United States to protect public health, safety, and the environment.

ABOUT ONE-SEVENTH OF MANUFACTURING JOBS IN NEW JERSEY WERE TIED TO EXPORTS IN 1997



Note: In 1997, 14.5 percent of the 409,800 manufacturing jobs in New Jersey were tied to manufactured exports—some 59,400 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.
Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM NEW JERSEY ROSE 48 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

New Jersey Industries Can Gain From Trade Negotiations

New Jersey exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit New Jersey businesses across many industrial sectors.

Information technology. New Jersey's high-tech businesses are beneficiaries of the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent. Beyond tariffs, IT products also face nontariff restrictions such as redundant testing and certification requirements. U.S.

suppliers, including those in New Jersey, would likely see sales rise if remaining barriers on IT products were eliminated.

Chemicals. New Jersey exports a wide range of chemical products. TPA would allow the United States to build on duty reductions established under the Uruguay Round Chemical Tariff Harmonization Agreement (CTHA), which reduced tariffs to harmonized low levels on a range of products from fertilizers to plastics. Since the end of the Uruguay Round, more advanced developing countries, most of which do not participate in the CTHA, have become increasingly important chemical producers. Tariffs in Asian countries outside the CTHA range up to 60 percent. New negotiations would offer the opportunity to address tariff disparities and the many nontariff barriers facing the chemical industry, including discriminatory product registration, testing/certification, and import licensing requirements.

Pharmaceutical products. As a result of the Uruguay Round and two subsequent updates, nearly 7,000 pharmaceutical products are duty-free in the key countries that participate in the agreement. NAFTA, which represented a major breakthrough for the research-based pharmaceutical industry, provided leverage and incentive for Mexico to enact strong patent legislation—a first in Latin America and, to date, the most effective in the region.

Despite substantial progress in reducing barriers, significant challenges remain. Many key markets in Latin America—such

NEW JERSEY: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of New Jersey goods and services.

New Jersey exporters still face major trade barriers in such sectors as information technology, chemicals, pharmaceuticals, and civil aircraft and parts.

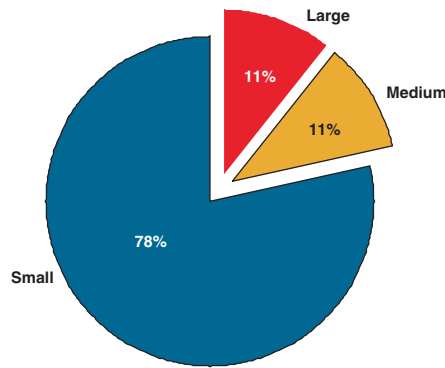
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

New Jersey's economy is export-dependent, with export sales of \$3,420 for every state resident.

Nearly 153,000 New Jersey jobs depend on exports of manufactured goods.

13,094 companies—including 11,684 small and medium-sized businesses—export from New Jersey.

89 PERCENT OF NEW JERSEY'S 13,094 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

as Brazil, Argentina, and Venezuela—have yet to participate in the duty elimination agreement and maintain tariffs ranging from 5 percent to 25 percent. Such nontariff barriers as inadequate intellectual property rights, restrictive government procurement practices, and administrative pricing rules also deter business in some markets.

Civil aircraft and parts. The U.S. civil aircraft industry is the largest in the world. In 2000, total exports of U.S. civil aircraft, engines, and parts were \$48 billion. Over the last five years, three out of every five large civil aircraft produced in the United States were exported. The World Trade Organization Agreement on Trade in Civil Aircraft provides for duty-free import of civil aircraft and their components by the 26 signatories to this agreement. However, import tariffs in nonsignatory countries remain as high as 30 percent. Also, a number of nontariff barriers impede New Jersey's exports of civil aircraft and parts. For example, some countries do not promptly or fully recognize the safety and international noise certification compliance of all U.S. civil aircraft.

Agriculture. New Jersey produces and exports agricultural products. According to the U.S. Department of Agriculture, New Jersey's agricultural exports totaled \$153 million in 1999. Since 1991, the state's reliance on agricultural exports has ranged from 15 percent to 21 percent as measured by exports' share of farm cash receipts. New Jersey's top agricultural exports are vegetables and products, fruits and products, and soybeans and products. New Jersey already benefits from past trade agreements; however, U.S. agricultural

exports still face high tariffs and nontariff barriers worldwide.

Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$293 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

Imports Also Important to New Jersey

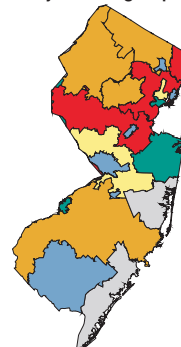
While exports generate clear benefits for the New Jersey economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in New Jersey, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in New Jersey with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER NEW JERSEY

New Jersey's Merchandise Exports by Three-Digit Zip Code, 1999

1999 Export Values
Millions of Dollars

| |
|----------------|
| 2,000 to 6,243 |
| 1,000 to 2,000 |
| 500 to 1,000 |
| 250 to 500 |
| 100 to 250 |
| 04 to 100 |



Note: New Jersey's total merchandise exports in 1999 were \$21.0 billion.
Source: U.S. Department of Commerce, Exporter Location Series.